

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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FM USLO PEKING
TO SECSTATE WASHDC 8799
INFO AMCONSUL HONG KONG
AMEMBASSY TAIPEI

C O N F I D E N T I A L SECTION 1 OF 4 PEKING 2199

EXDIS

E.O. 11652: XGDS-1
TAGSAC CH US
SUBJ: VERBATIM TRANSCRIPT - VICE PREMIER TENG HSIAO-PING AND
FORMER AMBASSADOR GEORGE BUSH

REF: PEKING 2182

1. THE FOLLOWING IS A FULL TRANSCRIPT OF THE DISCUSSION
BETWEEN VICE PREMIER TENG HSIAO-PING AND FORMER
AMBASSADOR GEORGE BUSH WHICH TOOK PLACE AT THE GREAT
HALL OF THE PEOPLE, PEKING, ON SEPTEMBER 27, 1977. ALSO
PRESENT WERE HAO TE-CHING, PRESIDENT OF CHINESE PEOPLE'S
INSTITUTE OF FOREIGN AFFAIRS, WANG HAI-JUNG, VICE MINISTER
OF FOREIGN AFFAIRS, LIN PING, DIRECTOR, AMERICAN AND
OCEANIAN AFFAIRS DEPARTMENT, DAVID DEAN, USLO,
DEAN BURCH, WASHINGTON ATTORNEY, JAMES A. BAKER,
HOUSTON ATTORNEY, J. HUGH LIEDTKE, PRESIDENT PENNZOIL AND
JAMES LILLY, CIA/NIO.

2. TENG OPENED THE CONVERSATION BY SAYING THAT TWO YEARS
AGO HE HAD TOLD BUSH THAT HE WOULD BE HAPPY TO INVITE
HIM TO CHINA ONCE AGAIN AND NOW THAT HE HAD DONE SO.
TENG SAID THAT HE WOULD HAVE INVITED BUSH EVEN IF HE
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HAD COME AS DIRECTOR OF THE CIA. THERE WAS THEN SOME
DISCUSSION ABOUT THE VISIT TO TIBET AND THE FACT THAT
THE PARTY INCLUDED LOWELL THOMAS.

3. BUSH: HAVE YOU BEEN TO TIBET?

4. TENG: ORIGINALLY I SHOULD HAVE GONE AS THE LIBERATION

OF TIBET WAS BROUGHT ABOUT BY MY ARMED FORCES.
I WAS IN THE SOUTHWEST AND IN CHARGE OF THE ARMED
FORCES IN SZECHWAN, KWEICHOW, AND TIBET WHEN OUR ARMY
WAS SENT TO LIBERATE TIBET. WITH THE EXCEPTION OF TAIWAN,
TIBET WAS THE LAST PART OF CHINA TO BE LIBERATED.

5. BUSH: IS IT PEACEFUL THERE NOW AND HAVE THE
PEOPLE BEEN ASSIMILATED?

6. TENG: WELL, THERE IS NO QUESTION OF ASSIMILATION
AS FAR AS THE MINORITIES ARE CONCERNED. YOU CAN SEE
FOR YOURSELF. SERFDOM USED TO BE THE PRACTICE IN
TIBET. IT WAS VERY CRUEL UNDER THE DALAI LAMA. TODAY
CIRCUMSTANCES ARE COMPLETELY CHANGED. TIBET IS STILL A
BACKWARD AREA BUT FOR THE MINORITIES, LIVING STANDARDS
ARE NOT LOWER THAN THOSE OF THE HAN CHINESE AND ARE
BETTER IN SOME CASES.

7. BUSH: WE ARE ALL LOOKING FORWARD TO GOING TO TIBET.

8. TENG: PLEASE GO THERE AND HAVE A LOOK AND GATHER
MORE PERCEPTIONS AND KNOWLEDGE ABOUT TIBET. I DON'T
HAVE THE COURAGE TO GO TO TIBET ALTHOUGH I AM NINE
YEARS YOUNGER THAN MR. LOWELL THOMAS.

9. BUSH: YOU ARE LOOKING VERY FIT. I AM VERY
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PLEASED TO SEE YOU AGAIN. A GREAT DEAL HAS HAPPENED
SINCE I LAST SAW YOU, THE PASSING OF CHAIRMAN MAO,
PREMIER CHOU EN-LAI AND IN OUR OWN COUNTRY THERE HAS
BEEN A LOT OF CHANGE INCLUDING A NEW ADMINISTRATION.
IN MY LAST JOB AS DIRECTOR OF THE CIA I BEGAN TO
UNDERSTAND YOUR MEANING THAT THE SOVIET BEAR WANTS TO
FIX THE UNITED STATES. I NOW HAVE A BETTER PERSPECTIVE.

10. TENG: BEFORE YOU LEFT YOUR JOB AS CHIEF OF THE CIA
YOU MADE A REPORT TO CONGRESS ABOUT THE STRENGTH AND THE
THREAT OF THE SOVIET UNION.

11. BUSH: THAT IS TRUE. IT WAS AN UNCLASSIFIED
REPORT OF JUNE 1976. LATER A HIGHLY CLASSIFIED STUDY, A
NATIONAL INTELLIGENCE ESTIMATE, WAS COMPLETED. SOME
OF ITS CONCLUSIONS WERE REFLECTED IN OUR NEWSPAPERS
AND IT INDICATED CONSIDERABLY MORE CONCERN ABOUT SOVIET
INTENTIONS THAN EVER BEFORE. THIS PAPER WAS PREPARED
IN JANUARY 1977 FOR PRESIDENT FORD WHO CONVEYED IT TO
PRESIDENT CARTER.

12. TENG: SINCE OUR LAST MEETING IT HAS BEEN ALMOST

TWO YEARS. DURING THIS PERIOD I WAS OUT OF OFFICE FOR ONE YEAR BUT I STILL READ REFERENCE MATERIALS FROM OTHER COUNTRIES. PERHAPS THERE HAS NOT BEEN MUCH CHANGE AS FAR AS THE INTERNATIONAL SITUATION IS CONCERNED. THERE MAY HAVE BEEN SOME SPECIFIC INCIDENTS, SOME UPS AND DOWNS BUT ON THE WHOLE THERE HAS NOT BEEN MUCH CHANGE. I REGRET TO SAY THAT THIS ALSO APPLIES TO SINO-US RELATIONS. THERE HASN'T BEEN MUCH CHANGE.

13. BUSH: BUT IN SOME AREAS THERE HAVE BEEN DISTURBING TRENDS. I AM CONCERNED ABOUT THE TREND OF EURO-COMMUNISM, A CHALLENGE WHICH MIGHT WEAKEN NATO.

14. TENG: THERE IS THIS PROBLEM. FIRST OF ALL WE
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DON'T ACKNOWLEDGE THE SO-CALLED EURO-COMMUNISM. WHAT KIND OF COMMUNISM IS THAT? WE HAVE ALSO DEALT WITH THIS QUESTION IN THE PAST WITH OTHER VISITORS. EVEN IF THEY (THE EURO-COMMUNISTS) WERE TO PARTICIPATE IN WESTERN EUROPEAN GOVERNMENTS IT IS NOT A BIG ISSUE WORTHY OF OUR ATTENTION. OF COURSE IF THEY WERE IN GOVERNMENT IT MIGHT HAVE SOME IMPACT ON WESTERN EUROPEAN COUNTRIES IN COUNTERING THE POLAR BEAR. BUT ON THE OTHER HAND THEIR TRUE FEATURES WOULD BE EXPOSED IN FRONT OF THE PEOPLE. IT WOULD ASSUME THAT EVEN IF THEY WERE IN GOVERNMENT THEY WOULD HAVE TO CARRY OUT GOVERNMENT POLICY, NOT ALL OF IT PERHAPS BUT TO A CERTAIN EXTENT. THERE HAVE BEEN HISTORICAL RECORDS TO PROVE THIS IN THE SO-CALLED FRENCH AND

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ITALIAN COMMUNIST PARTIES AND IN FRANCE IN PARTICULAR. THOREZ WAS IN THE FRENCH GOVERNMENT AND AT THAT TIME THE MINISTER OF THE AIR FORCE WAS A FRENCH COMMUNIST AND THERE WERE OTHER COMMUNIST MINISTERS IN GOVERNMENT AT THAT TIME. THEN THE FRENCH WERE FIGHTING WAR WITH ALGERIA AND THE FRENCH ARMY USED TO CARRY OUT AIR RAIDS AND AIR BOMBARDMENTS AGAINST THE NATIONAL LIBERATION FRONT AND THESE ORDERS WERE DELIVERED BY THE MINISTER OF THE AIR FORCE WHO HAPPENED TO BE A COMMUNIST. I KNOW AND I HAVE ACTUALLY MET THOREZ AND MEMBERS OF THE FRENCH COMMUNIST PARTY AS WELL AS TOGLIATTI AND MEMBERS OF THE ITALIAN COMMUNIST PARTY. BUT I AM NOT ACQUAINTED WITH THE PRESENT LEADERSHIP IN THE SO-CALLED FRENCH AND ITALIAN COMMUNIST PARTIES.

15. BUSH: I AM CONCERNED WITH THE STRATEGIC SITUATION. IT IS DIFFICULT TO SHARE HIGHLY SENSITIVE INFORMATION IF THERE IS A FEELING THAT AN INDIVIDUAL IN THE ITALIAN OR THE FRENCH GOVERNMENT HAS STRONG TIES WITH THE SOVIETS. THE NATO COMMANDER HAS STRONG CONCERS ON THIS POINT.

16. TENG: TO BE CONCERNED IS OF NO AVAIL. IT IS USELESS. THERE ARE TWO POSSIBILITIES. FIRST, THAT THE
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COMMUNISTS WOULD NOT BE ABLE TO FORM A GOVERNMENT OF THEIR OWN. THE SECOND IS THEY MIGHT PARTICIPATE IN A GOVERNMENT WE MUST BE PREPARED FOR THESE POSSIBILITIES NO MATTER WHAT THE SITUATION IS. THE REALITY HAS NOT CHANGED. THE MAJOR THREAT TO EUROPE COMES FROM THE SOVIET UNION. AND IT ALSO WILL NOT CHANGE THE GENERAL NECESSITY AND REQUIREMENT FOR THE COUNTRIES OF WESTERN EUROPE TO UNITE. IT WILL ALSO NOT CHANGE THE SITUATION IN WHICH WESTERN EUROPEAN COUNTRIES NEED US ASSISTANCE TO RESIST THE POLAR BEAR AND IT WILL NOT CHANGE THE SITUATION THAT THE US NEEDS WESTERN EUROPEAN COUNTRIES TO RESIST THE POLAR BEAR. IF COMMUNISTS PARTICIPATE IN THE GOVERNMENTS AND ACTIONS CAN BE SEEN FROM THEIR DEEDS, THIS CAN SERVE TO EDUCATE THE PEOPLE AND HELP THE PEOPLE OF WESTERN EUROPE TO DRAW LESSONS.

17. BUSH: MAYBE IT MAKES A DIFFERENCE IF THE HOLDER OF A GOVERNMENT CABINET POSITION IS MINISTER OF

DEFENSE OR MINISTER OF HEALTH.

18. TENG: THAT IS TRUE. ANYWAY ONE MUST BE PREPARED. IF THEY ARE TO JOIN A GOVERNMENT WHAT CAN YOU DO. THERE ARE TWO POSSIBILITIES WHEN THEY ASSUME POWER. FIRST, THEY WILL TOE THE LINE AND ACT IN ACCORDANCE WITH THE BATON OF THE POLAR BEAR. SECOND THEY WILL REFUSE TO OBEY THE POLAR BEAR'S ORDERS. THEN THE SITUATION WILL BE THE SAME. IF THEY FOLLOW THE POLAR BEAR'S BATON THEN PEOPLE WILL SEE WHAT THEY ARE DOING.

19. WHAT IS WORTHY OF OUR ATTENTION IS THAT THE TREND OF APPEASEMENT IS DEVELOPING AND THIS TREND
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EXISTS TODAY WHEN THEY HAVE NOT YET PARTICIPATED IN GOVERNMENT AND THE TREND IS PRESENT ALSO IN THE US.

20. BUSH: WHERE IN THE US?

21. TENG: FOR EXAMPLE, POLITICALLY SPEAKING THE US ALWAYS CHERISHES THE HOPE OF BRINGING ABOUT A RELAXATION OF THE SITUATION THROUGH NEGOTIATIONS. BUT IN MY VIEW THERE HAS BEEN NO GREAT RESULT. IF CERTAIN AGREEMENTS ARE TO BE MADE THE US MUST MAKE CERTAIN CONCESSIONS TO OBTAIN THEM. I DON'T MEAN TO SAY THERE SHOULDN'T BE ANY NEGOTIATIONS. I ALSO DON'T MEAN TO SAY THAT IT IS UNNECESSARY FOR THE US TO HAVE NEGOTIATIONS WITH THE SOVIET UNION AND TO SIGN THIS OR THAT AGREEMENT WITH THE SOVIET UNION. BUT ON EVERY OCCASION WHEN A NEW AGREEMENT BETWEEN THE US AND THE SOVIET UNION HAS BEEN SIGNED, THE SOVIET UNION MAKES FURTHER STRIDES FORWARD TO MILITARY SUPERIORITY. OTHERWISE THE SOVIET UNION WOULD NOT AGREE TO SIGN.

22. YOU PARTICIPATED IN OUR DISCUSSIONS WITH DR. KISSINGER WHEN WE GAVE HIM OUR VIEWS ABOUT THE US AGREEMENT (IN 1963 WITH THE SOVIET UNION) ON THE PARTIAL TEST BAN TREATY. THE SOVIET UNION USED THIS TREATY TO MAKE GREAT STRIDES IN NARROWING ITS MISSILE GAP BETWEEN THE US AND ITSELF. AT THAT TIME I WAS IN MOSCOW LEADING A PARTY AND GOVERNMENT DELEGATION. JUST BEFORE OUR DEPARTURE THEY GAVE US A FAREWELL DINNER. IT WAS ON THAT DAY THAT THE PARTIAL TEST BAN TREATY WAS SIGNED. AS FAR AS THAT TREATY WAS CONCERNED IT WAS THE INTENTION OF THE SOVIET UNION TO IMPOSE LIMITATIONS ON US AND IT WAS ALSO AIMED AT THE UNITED STATES AND IT WAS ALSO INTENDED TO SOW DISCORD BETWEEN PEOPLES OF THE WORLD. THE SOVIETS MADE USE OF THE TREATY

AND WENT ALL OUT TO DEVELOP THEIR NUCLEAR WEAPONS.

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23. THE SECOND TREATY WAS THE ANTI-BALLISTIC TREATY IN 1972. AFTER THAT TIME THE SOVIET UNION WENT ALL OUT TO DEVELOP THEIR NUCLEAR ARSENAL. THE THIRD AGREEMENT WAS THE SO-CALLED VLADIVOSTOK AGREEMENT. BY THIS TIME NUCLEAR WEAPONS OF THE SOVIET UNION APPROACHED PARITY WITH THOSE OF THE UNITED STATES. THIS TREATY OF 1974 DOES NOT IMPOSE LIMITATIONS ON NUCLEAR WEAPONS BECAUSE THE CEILINGS WERE VERY HIGH AND THE SOVIETS WERE CONTENT TO DEVELOP THEIR WEAPONS. WHEN DR. KISSINGER WAS IN PEKING AND YOU PARTICIPATED IN TALKS YOU UNDERSTOOD THE FACTS VERY WELL AND YOU KNOW OUR APPROACH. ONCE AGAIN I DON'T MEAN TO SAY THAT SUCH NEGOTIATIONS ARE NOT NECESSARY OR THAT IT IS NOT NECESSARY TO SIGN A TREATY, BUT IN SO DOING ONE MUST

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BE OPENED MINDED AND NOT BRAG ABOUT THE RESULT. OF LATE YOU AGAIN ARE HAVING TALKS WITH THE SOVIET UNION. PHERHAPS THEY WILL LEAD TO ANOTHER AGREEMENT. IN MY VIEW THE RUSSIANS ARE BETTER THAN YOU ARE IN USING SUCH AGREEMENTS.

24. BUSH: I UNDERSTAND BUT MAY I REPLY: THERE IS

NO QUESTION OF THE SOVIETS SINCE THE 1960'S HAVE MADE REMARKABLE STRIDES IN NUCLEAR SYSTEMS. THEY HAVE CONCENTRATED ON NUMBERS OF MISSILES AND THROW WEIGHT BUT I AM CONVINCED THEY ARE NOT AHEAD OF THE UNITED STATES. ALTHOUGH I AM A PRIVATE CITIZEN AND ON SOME OCCASIONS DO NOT AGREE WITH OUR PRESIDENT, I AM CONVINCED THAT PRESIDENT CARTER WILL NOT PERMIT THE SOVIET UNION TO MOVE AHEAD OF THE UNITED STATES. I AM CONVINCED THAT IN IMPORTANT MATTERS LIKE MISSILE ACCURACY WE ARE SUPERIOR AND CONTINUE TO BE SUPERIOR TO THE SOVIET UNION.

25. THE OVERALL POSITION OF THE US IS NOT UNFAVORABLE. WE ARE COMMITTING SUBSTANTIAL SUMS OF MONEY TO KEEP OUR DEFENSES UP. WE ARE ALERT AND WILL NOT LET THE SOVIET UNION MOVE AHEAD. THIS IS NOT TO DENY THAT THEY HAVE NOT CAUGHT UP BECAUSE THEY HAVE.
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26. TENG: AS FAR AS I KNOW THERE ARE TWO TRENDS IN THE US. THE TREND OF APPEASEMENT HAS AN IMPORTANT ASPECT RELATED TO THE SOVIET UNION'S ECONOMY. WHEN DR. KISSINGER AND PRESIDENT FORD WERE HERE WE TOUCHED UPON THIS ISSUE. IN MY VIEW THERE ARE TWO MAJOR WEAK POINTS ON THE PART OF THE SOVIET UNION. THE FIRST IS THAT THE STRATEGIC DEPLOYMENT OF THE SOVIET UNION IS NOT COMPLETED AS YET AND FURTHERMORE IT HAS BEEN UNDERMINED AND SABOTAGED ON A NUMBER OF OCCASIONS. THE SOVIETS TRIED TO ESTABLISH MILITARY BASES ALL OVER THE WORLD AND THEY MANAGED TO SUCCEED IN CERTAIN PLACES BUT FAILED ELSEWHERE. IN EGYPT THEY FAILED. IN ANGOLA THEY SUCCEEDED BUT CHANGES ARE BEGINNING TO BE BROUGHT ABOUT THERE. IN INDIA THEY SUFFERED A CONSIDERABLE SETBACK BUT THEY MANAGED TO MAINTAIN THEIR POSITION TO A CERTAIN EXTENT. TODAY THEY ARE INTERFERING IN SOMALIA AND ETHIOPIA. IN ZAIRE THEY SUFFERED A SETBACK. ALL OF THIS PROVES THAT THEY ARE STRETCHING THEIR TENTACLES INTO EVERY PART OF THE WORLD BUT BECAUSE OF SETBACKS THEIR STRATEGIC DEPLOYMENT IS NOT COMPLETE. THE ALERTNESS AND VIGILANCE OF VARIOUS COUNTRIES HAVE BEEN INCREASED. THE SECOND WEAK POINT IS AN ECONOMIC WEAK POINT. THE SOVIET UNION HAS NOT SOLVED ITS AGRICULTURAL PROBLEMS. IF THE WEATHER IS UNFAVORABLE, RESULTING IN A POOR HARVEST, THEY HAVE TO IMPORT HUGE QUANTITIES OF FOOD. FURTHERMORE THEIR INDUSTRIAL EQUIPMENT IS BACKWARD.

27. WHEN I SAY APPEASEMENT I ALSO MEAN TO SAY THAT WHEN THE US SUPPLIES FOODGRAIN AND EQUIPS THEIR FACTORIES WITH EQUIPMENT YOU ARE TURNING THE SOVIET UNION'S

WEAK POINTS INTO STRONG POINTS. STRATEGICALLY SPEAKING
THIS IS AN IMPORTANT ASPECT OF THE TREND OF
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APPEASEMENT IN THE US, WESTERN EUROPE AND JAPAN.
BUT MAYBE THE US SUPPLIES THE GREATEST AMOUNT OF FOOD-
GRAIN AND TECHNOLOGY AND THE US HAS THE GREATEST
AMOUNT OF INVESTMENT IN THE SOVIET UNION THROUGH ITS
MULTINATIONAL CORPORATIONS. ANOTHER EXAMPLE IS
JAPAN'S HELPING THE SOVIET UNION TO DEVELOP SIBERIA,
AN AREA THE SOVIET UNION IS UNABLE TO DEVELOP ITSELF.
OF COURSE JAPANESE COMPANIES AND CORPORATIONS COULD
MAKE A BIG PROFIT BUT STRATEGICALLY SPEAKING IT IS AN
UNFAVORABLE DEVELOPMENT AND NOT A GOOD POLICY. SO
THIS IS A VERY IMPORTANT ASPECT OF THE TREND OF APPEASEMENT
TOWARD THE SOVIET UNION AND HAS NOT RECEIVED MUCH ATTENTION.

28. OUR VIEW IS THAT WAR IS BOUND TO BREAK OUT. THERE
IS NO SUCH THING AS LASTING PEACE. BUT WAR CAN BE POSTPONED,
THE LONGER THE BETTER. IF WAR BREAKS OUT SOONER WE ARE NOT AFRAID.
ONLY TWO COUNTRIES HAVE THE QUALIFICATIONS TO WAGE A WORLD WAR,
BUT WE ARE CONSISTENT IN POINTING OUT THAT IT IS MAINLY THE SOVIET
UNION THAT CAUSES THE THREAT. THE METHOD TO POSTPONE
WAS IS TO REMAIN ALERT, VIGILANT AND NOT ENGAGE IN
APPEASEMENT. ENGAGING IN APPEASEMENT WILL ONLY HASTEN A
WORLD WAR AND WILL NOT POSTPONE IT.

29. OF COURSE I HAVE NOT TOUCHED ON PRM-10. WHEN
SECRETARY OF STATE VANCE WAS HERE HE EXPLAINED THAT
THIS WAS NOT THE VIEW OF THE ADMINISTRATION, BUT IT
CAN BE SAID THAT IT INDICATES A TREND AND THAT SUCH
A TREND IS ONE OF APPEASEMENT.

30. BUSH: I WOULD NOT INTERPRET PRM-10 AS A TREND.
IT CANNOT BE CONSIDERED APPEASEMENT SO LONG AS
WE ARE SPENDING SO MUCH FOR DEFENSE AND FOR TECHNOLOGY.
OUR IS NOT AN APPEASEMENT BUDGET.

31. TENG: I WAS NOT REFERRING TO THE BUDGET BUT I
SAID THAT YOU ARE USING SOME OF YOUR TECHNOLOGY TO EQUIP
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THE SOVIET UNION.

32. BUSH: WE ARE BUT WE REMAIN AHEAD OF THE SOVIET
UNION IN MOST MILITARY TECHNOLOGY, ALTHOUGH PERHAPS NOT

MEGATONNAGE. I RECOGNIZE THE PROBLEMS YOU POINTED OUT BETWEEN THE US AND CHINA BUT I STILL FEEL THERE ARE WAYS IN A GLOBAL AND STRATEGIC SENSE TO SEND A MESSAGE TO THE SOVIET UNION. YOU MENTIONED JAPAN AND SIBERIA. THE CIA PROJECTS THAT THE SOVIET UNION WILL HAVE DIFFICULTY WITH ITS OIL PRODUCTION IN THE MID-80'S.

33. TENG: I AGREE.

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34. BUSH: WHY CAN'T THE US AND CHINA WORK CLOSELY IN THIS AREA? (I HAVE NO OIL INTERESTS THAT I AM REPRESENTING.) SUCH COOPERATION WOULD SEND A MESSAGE TO THE SOVIET UNION.

35. TENG: WELL, THERE IS A POLITICAL QUESTION HERE. AFTER NORMALIZATION STRIDES CAN BE BIGGER. IF PROGRESS TOWARDS NORMALIZATION IS SLOW, THIS WOULD SOMEHOW OR OTHER BE LIMITED. THIS IS WHY WE ALWAYS HAVE SAID THAT THE US SHOULD LOOK AT NORMALIZATION FROM A LONG TERM POLITICAL VIEWPOINT. IT IS NOT A QUESTION OF EMPLOYING A DIPLOMATIC TACTIC. WHEN YOU WERE IN PEKING BEFORE AND WHEN WE HAVE CONVERSATIONS WITH OTHERS WE SAY OFTEN THAT THERE ARE MANY COMMON POINTS BETWEEN CHINA AND THE U.S. WHAT WE MEAN IS THIS IS STRATEGY, THIS IS POLITICS. THAT IS WHY WE APPRECIATED THE FIRST STEP TAKEN BY PRESIDENT NIXON. WE DO NOT CARE ABOUT WATERGATE. THIS IS YOUR INTERNAL PROBLEM. NIXON'S STEP WAS VERY COURAGEOUS AND WE VIEW IT FROM A STRATEGIC POINT OF VIEW. THIS IS WHY WE STILL INVITED NIXON TO COME TO CHINA A SECOND TIME

EVEN THOUGH HE WAS DEFAMED BY US PUBLIC OPINION.

36. ON THE QUESTION OF SINO-US RELATIONS WE MUST VIEW
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THEM FROM A LONG RANGE STRATEGIC POINT OF VIEW. IF WE
DO THIS IT IS EASY FOR THE US TO BE DETERMINED TO
SOLVE THEM. ALL POLITICAL AND ECONOMIC ISSUES ARE
CLOSELY RELATED TO THIS ISSUE.

37. OUR CONSISTENT STAND IS THAT BOTH CHINA AND THE
US SHARE MANY COMMON POINTS. WHEN WE TALK ABOUT THE
ISSUE OF TAIWAN OUR EMPHASIS IS STILL ON THE POLITICAL
ASPECTS. ON THE QUESTION OF TAIWAN IT IS A MATTER OF
COURSE THAT SHOULD BE RESOLVED AT AN EARLY DATE, BUT
WE CAN WAIT, AND IF IT IS NECESSARY FOR THE US TO
KEEP TAIWAN FOR THE TIME BEING, WE CAN WAIT. WE
EVEN WAIT TO THAT EXTENT. WE CAN WAIT ON TAIWAN BUT
AS FAR AS OUR CONDITIONS ARE CONCERNED, THERE WILL BE
NO SLACKENING WHATSOEVER AND THERE CAN BE NO OTHER
COURSE. YOU CAN BE SURE THAT THE CHINESE PEOPLE SAY WHAT
THEY MEAN. THIS POSITION WAS SET BY CHAIRMAN MAO.

38. BUSH: YOUR MESSAGE THAT THERE WAS NO FLEXIBILITY
IN THE CHINESE POSITION ON TAIWAN CAME THROUGH LOUD
AND CLEAR IN YOUR INTERVIEW WITH THE ASSOCIATED
PRESS. I EVEN READ IT IN HOUSTON.

39. TENG: WELL, I WAS COMPELLED TO SAY IT. IN THE
PAST WITH PRESIDENTS FORD OR NIXON OR DR. KISSINGER
THE QUESTION WAS ALWAYS RAISED ABOUT HOW TO FORMULATE
A COMMUNIQUE ABOUT THE RESULTS OF THE TALKS. ON THIS
LAST OCCASION SECRETARY VANCE RETURNED TO THE US. HE
DID NOT CONSULT US AND HE SAID THAT THERE WAS
FLEXIBILITY IN OUR POSITION. THIS DID NOT DO.

40. BUSH: BEFORE LEAVING ON MY TRIP I WENT TO THE
DEPARTMENT OF STATE. THEY WERE VERY CONCERNED ABOUT
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COMMENTS ALLEGED TO BE MADE BY SECRETARY VANCE BUT
SECRETARY VANCE INDEED DID NOT MAKE THEM. EVEN
THOUGH THEY KNEW MY VISIT WAS A PRIVATE VISIT, THEY
ASKED ME TO SAY THAT SECRETARY VANCE DID NOT SAY THAT
THE CHINESE POSITION WAS FLEXIBLE.

41. ONE LAST WORD ON OIL. MY CONCERN IS NOT WITH ECONOMIC ADVANTAGE OR TRADE. ON A GLOBAL STRATEGIC BASIS WE HAVE A COMMON INTEREST AGAINST THE SOVIET UNION. A GLOBAL PERCEPTION OF SINO-US RELATIONS IN THIS FIELD WOULD BE VERY IMPORTANT AND WOULD BE IN BOTH OUR NATIONAL INTERESTS.

42. TENG: IF YOU MEET SECRETARY VANCE ON YOU RETURN, PLEASE TELL HIM THAT THIS EVENT IS SOMETHING OF THE PAST. DURING THE UNGA OUR FOREIGN MINISTER HUANG HUA WILL ALSO MEET WITH THE SECRETARY OF STATE IN NEW YORK AND ON THE COMPLETION OF NORMALIZATION OF RELATIONS THEY CAN CONTINUE TO HAVE DISCUSSIONS. AS TO THE QUESTION OF COOPERATION IN OIL, WE WILL GIVE IT STUDY. AS FAR AS TAIWAN IS CONCERNED WE WILL HAVE TO IMPOSE SOME CONDITIONS. WE HAVE LEARNED THROUGH THE JAPANESE THAT THE US SAYS THAT CHINA HAS A PRODUCTION OF 55 BILLION TONS OF OIL. THEY CLAIM THAT THE REPORTS CAME FROM THE US. HOW DID YOU GET THIS FIGURE, FROM THE SKY PERHAPS?

43. BUSH: I WILL SEND YOU AN UNCLASSIFIED REPORT ON CHINESE OIL PRODUCTION AND PLEASE WRITE ME A LETTER IN TEXAS TO TELL ME WHETHER IT IS TRUE OR NOT.

44. TENG: WE HAVE NOT OURSELVES COME TO A FIGURE OF 55 BILLION YET. PERHAPS ADVANCED TECHNOLOGY CAN PROVE THE FIGURE RIGHT OR WRONG.

45. TENG CONCLUDED THE MEETING BY SAYING THAT HE WAS CONFIDENTIAL

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VERY HAPPY THAT MR. BUSH HAD RETURNED TO CHINA AGAIN, THAT HE HAD SHOWN CONCERN IN THE PAST ON THE NORMALIZATION OF RELATIONS, AND THAT HE WISHED HIM A GOOD TRIP.
DEAN

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Message Attributes

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Copy: SINGLE
Sent Date: 29-Sep-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Errors: N/A
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Secure: OPEN
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Subject: VERBATIM TRANSCRIPT - VICE PREMIER TENG HSIAO-PING AND FORMER AMBASSADOR GEORGE BUSH
TAGS: PDIP, PINT, US, CH, UR, (BUSH, GEORGE), (TENG HSIAO-PING)
To: STATE
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